HON'BLE SHRI G.S.SINGHVI, THE CHIEF JUSTICE
AND
HON'BLE SHRI C.V.NAGARJUNA REDDY

Writ Petition No.25447 of 2005

Between

The Prudential Cooperative Bank Shareholders and Depositors Welfare Association represented by its General Secretary ..Petitioner

AND

Government of India, Ministry of Finance, Department of Economic Affairs represented by its Joint Secretary cum Appellate Authority and others ..Respondents

:: JUDGMENT ::

Counsel for the Petitioner:	Sri V.Srinivas
Counsel for respondent No.1	Sri A.Rajasekhar Reddy
Counsel for respondent No.2	Shri K.G.Kannabhiran, Senior Advocate
Counsel for respondent No.4	Shri E.Manohar, Senior Advocate

4.12.2006

Per G.S.Singhvi, CJ

This petition is directed against order dated 8.11.2005 vide which

the Central Government dismissed the appeal preferred by respondent No.4 – Prudential Cooperative Bank Limited against order dated 6.12.2004 passed by Reserve Bank of India canceling its banking licence.

One of the grounds on which the petitioner, which is a representative body of the Prudential Cooperative Bank Shareholders and Depositors, has questioned the order passed by Reserve Bank of India is that even though in furtherance of order dated 5.5.2005 passed by the learned Single Judge in Writ Petition No.23156 of 2004 and batch, it had applied for impleadment as a party in the appeal preferred by respondent No.4 and raised several grounds supporting the plea of the said respondent for invalidation of the cancellation of licence, the appellate authority neither gave an opportunity of hearing to its representative nor any reason has been assigned for dismissing the appeal.

On 30.11.2006, we had heard the learned counsel for the petitioner, Sri A.Rajasekhar Reddy, Assistant Solicitor General, Government of India, Sri K.G.Kannabhiran, Senior Counsel appearing for the Reserve Bank of India and Shri E. Manohar, Senior Advocate appearing for the Liquidator of the Prudential Bank respectively and expressed the view that the appellate order does not satisfy the requirement of a speaking order. However, we postponed final adjudication of the writ petition because Sri K.G.Kannabhiran, Senior Counsel submitted that there is a possibility that reasons may have been recorded in the file. While adjourning the case, we directed Sri A.Rajasekhar Reddy to instruct the officer of the Department of Economic Affairs to produce the record relating to the appeal preferred against the order of cancellation of licence, in which the petitioner-association had sought impleadment as party in pursuance of the observations made by the learned Single Judge in his order dated

5.5.2005.

In compliance of the aforementioned direction, Sri A.Rajasekhar Reddy has produced the file which contains notings leading to the passing of the order of cancellation. The said notings show that the appeal preferred by Ex-Managing Director of the Prudential Bank was heard by the appellate authority on 14.9.2006 and the order under challenge was recorded. The noting sheet further shows that the impugned order had been dictated by the appellate authority and not by any one else.

Sri K.G.Kannabhiran, Senior Counsel submitted that paragraphs 8 and 9 of the impugned order are reflective of the reasons assigned by the appellate authority for refusing to accept the appeal preferred by Ex-Managing Director of the Bank. Sri A.Rajasekhar Reddy supported him and argued that the absence of detailed reasons should not be made a ground for invalidating the exercise undertaken by the appellate authority while disposing of the appeal.

As against this, Sri V.Srinivas, learned counsel for the petitioner reiterated the submission that the order under challenge cannot be treated as a speaking order and, as such, the same is liable to be quashed on the ground of violation of the rules of natural justice.

In our opinion, it is not necessary to go into the matter and decide the issue relating to lack of reasons, because we feel that even if the order under challenge is treated as defective on the ground of non-recording of detailed reasons by the appellate authority for dismissing the appeal preferred by Ex-Managing Director of the Prudential Bank, no useful purpose would be served by remitting the matter to the appellate authority. If that course is adopted, the agony of the shareholders and depositors of respondent No.4, who are waiting for adjudication of the connected matters, would be further aggravated. We are further of the view that the entire issue relating to

cancellation of licence of respondent No.4 deserves to be finally adjudicated by this Court. Therefore, the writ petition is disposed of with the liberty to the petitioner to intervene in the hearing of the appeal preferred by the Reserve Bank of India against the order passed by the learned Single Judge and other connected matters.

G.S.SINGHVI, CJ

C.V.NAGARJUNA REDDY, J

4.12.2006
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